

OPERATION AND MANAGEMENT AGREEMENT
FOR THE
TRI-COUNTY JAIL AND DETENTION JAIL FACILITY

THIS OPERATION AND MANAGEMENT AGREEMENT FOR THE TRI-COUNTY JAIL AND DETENTION CENTER (this "**Agreement**") is made and entered effective 12:00 a.m. , August 28th, 2008 (the "**Effective Date**"), by and between the COUNTY OF PULASKI, ILLINOIS, a governmental/political subdivision of the State of Illinois (the "**County**"), and PALADIN EASTSIDE PSYCHOLOGICAL SERVICES, INC., a California corporation ("**PALADIN EASTSIDE**"), (collectively sometimes hereinafter referred to as the "**Parties**") upon the terms, conditions, and provisions herein set forth.

WITNESSETH

WHEREAS, Pulaski County, a governmental/political subdivision of the State of Illinois, is the owner of a jail facility named the "Tri-County Jail and Detention Jail Facility" (the "**Jail Facility**") located at 1026 Shawnee College Road, Ullin, Pulaski County, Illinois.

WHEREAS, in accordance with Illinois law, Pulaski County is the owner of the Jail Facility;

WHEREAS, Alexander County and Union County (hereafter collectively the "**Counties**") have entered into an Intergovernmental Agreement with Pulaski County providing that the Counties will use the Jail Facility on an exclusive basis for housing all Pulaski, Alexander and Union County inmates;

WHEREAS, Pulaski County desires to contract with a professional management company to maintain and manage the Jail Facility.

WHEREAS, pursuant to a Request for Proposals advertised by Pulaski County in compliance with State Law, Pulaski County selected Paladin Eastside to maintain and manage the Jail Facility; and

WHEREAS, all parties desire to enter into a contract under which Paladin Eastside shall provide for the maintenance and management of the Jail Facility;

NOW, THEREFORE, in consideration of the mutual rights, duties, benefits, and obligations herein exchanged, the parties hereby covenant, agree and bind themselves as follows:

ARTICLE ONE

MANAGEMENT SERVICES

1.01. General Management Services. Paladin Eastside shall maintain and manage the Jail Facility for the County in accordance with the terms of this Agreement, and receive, supervise and care for each inmate or detainee that is assigned to the Jail Facility by ICE, the Marshal's Service, the County, the Counties and/ or any other jurisdiction or agency that hereafter enters into a contract with the County for the ongoing placement of inmates or detainees in the Jail Facility (hereafter referred to as "**Inmates**"). (For purpose of this Agreement, any contract entered into by the County with any jurisdiction or agency for the ongoing placement of Inmates in the Jail Facility, including the intergovernmental agreements between the County and the Marshals' Service and the Counties, are referred to hereinafter as an "**Inmate Placement Agreement**").

1.02. Conformity to Contractual Standards. Paladin Eastside shall maintain and manage the Jail Facility in conformity with the terms and conditions of this Agreement and each applicable Inmate Placement Agreement, the applicable standards of the American Correctional Association, and Illinois Standards ("**Standards**") (as applicable), as they now exist or as they may be amended in the future (the "**Applicable Standards**"), whichever is higher or more stringent, and applicable Federal, State and Local regulations and laws.

1.03. Conformity to Applicable Compliance Standards. Paladin Eastside shall maintain and manage the Jail Facility to remain in compliance with all local, State and Federal health, fire and safety codes. Paladin Eastside shall document such compliance each fiscal year. Such documentation will consist of certificates from the local health department, Fire Marshall and building inspector and copies thereof shall be forwarded to the County, as required or requested. The County shall provide Paladin Eastside with documentation evidencing that the Jail Facility is in compliance with such codes as of the Service Commencement Date (as hereinafter defined in Section 2.01). The County further certifies to Paladin Eastside that the Jail Facility is in substantial compliance with the terms and requirements of the Americans with Disabilities Act, as amended (the "**ADA**"), and agrees that, if it becomes necessary to make any structural changes to the Jail Facility in order to comply with the ADA, the County shall be responsible for the costs of such changes.

ARTICLE TWO

TERM

2.01. (a) Assumption of Responsibility. Paladin Eastside shall assume control of the management and maintenance of the Jail Facility effective at 12:00 a.m. on the 28th day of August, 2008 (the "**Service Commencement Date**") and this Agreement shall thereafter continue in effect for an initial term through 11:59 p.m. the 27th day of August ,

2012 (the **"Initial Term"**) unless termination earlier as set forth in this Agreement or extended in accordance with Section 2.02 of this Agreement.

(b) **Transition Period.** Due to the delay in finalizing this document because of the extended contract negotiation time following announcement of contract award to Paladin Eastside, and with the awareness that there is an urgency for the County to have Paladin Eastside assume management of the Jail Facility upon the cessation of management by the previous jail management provider, both County and Paladin Eastside agree to work in good faith to transition the contract over to Paladin Eastside's management in an orderly fashion. However, both parties understand and agree that there are certain challenges and concerns that will affect the transition that are not yet fully resolved at this time of contract signing, such as vehicles for inmate transportation, computers, uniforms, badges, etc., and that these issues are currently in various stages of planning, implementation, or in discussion between County and Paladin Eastside. Therefore, both County and Paladin Eastside agree that this early implementation of jail management by Paladin Eastside is to the County's benefit and County will not unduly enforce any other provision of this contract to Paladin Eastside's detriment during the first 90 days of project implementation as long as County and Paladin Eastside are working in good faith towards resolving these issues. Should these issues not be resolved to both party's satisfaction during the first 90 days, either party will have a subsequent 30 day period during which to terminate this agreement without prejudice or penalty other than Paladin Eastside's operational costs and indirect costs.

2.02 Term Extension. The term of this Agreement extends automatically upon the expiration of the Initial Term for an additional four-year period, 12:00 a.m., the 28th day of August, 2012, without the need for further act or deed on the part of either the County or Paladin Eastside, unless terminated earlier as set forth in this Agreement, or unless Paladin Eastside notifies Pulaski County in writing at least 6 months prior to expiration of the Initial Term or at least six months prior to expiration of the four-year additional period that Paladin Eastside or the County does not desire to extend the term of this Agreement or the additional periods, in which event, the term of this Agreement terminates at the expiration of the Initial Term or the applicable additional period.

2.03. The Initial Term and all renewal terms are referred to in the Agreement as the **"Term."**

2.04. Paladin Agreement Early Termination Notice (180 Days). Paladin Eastside may terminate this Agreement at any time after the 12:01 a.m., 28th day of August, 2008, with or without cause, by delivering to the County at least 180 days advance written notice of its intention to terminate this Agreement: in which event, the parties must immediately implement a transition plan and this Agreement will terminate on the date specified by Paladin Eastside in its notice to the County. In no event will the termination date be prior to the 24th day of February, 2009.

2.05. County Agreement Early Termination Notice (12 Months). The County may terminate this Agreement upon the occurrence of an Event of Default as provided for in Article Fourteen of this Agreement; or the County may terminate this Agreement at any time after 12:00 a.m., the 28th day of August, 2008 with or without cause, by delivering to Paladin Eastside at least twelve (12) months advance written notice of its intention to terminate this Agreement in which event, the parties must immediately implement a transition plan and this Agreement will terminate on the date specified by the County in its notice to Paladin Eastside. In no event will the termination date be prior to 11:59 p.m., the 27th day of August, 2009.

2.06. Service Provider Transition. Upon termination of this Agreement, Paladin Eastside shall reasonably cooperate with the Counties and any other jurisdiction or agency housing Inmates in the Jail Facility in transferring custody of Inmates and records of the Jail Facility to another party selected for the management and supervision of the Jail Facility.

2.07. Property Assignment, Purchase, and/or Transfer. If this Agreement is terminated at any time, all the furniture, fixtures and equipment, vehicles, supplies and inventory then owned by Paladin Eastside and located at the Jail Facility will become the property of the County; provided however, that IF:

- (i) the County elects to terminate this Agreement without cause, for any reason, including a termination for convenience;
- (ii) Paladin Eastside elects to terminate this Agreement with cause due to a default by the County under the terms of the Agreement; OR
- (iii) the County elects not to extend this Agreement as provided in Section 2.02;

THEN, upon such termination, the County (a) shall reimburse Paladin Eastside for the undepreciated and unamortized portion of Paladin Eastside's investment in any improvements made to the Jail Facility with the approval of the County, and (b) shall purchase from Paladin Eastside any furniture, fixture, equipment, vehicles, supplies and inventory then located at the Jail Facility that were purchased and/or provided by Paladin Eastside for use in the operation and management of the Jail Facility, at a purchase price equal to the undepreciated and unamortized book value of those items on Paladin Eastside's financial statements (it being understood and agreed that Paladin Eastside shall depreciate and amortize the foregoing items on a straight-line basis from the date made, incurred or purchased assuming that this Agreement will continue through the initial term of this Agreement as provided in Section 2-1.) The County will not be obligated to reimburse Paladin Eastside for any portion of its investment in any improvement to the extent that any improvement was not made with the prior approval for the County.

(iv) Should this agreement be terminated for any reason, by either party to this agreement, then County shall assume ownership and responsibility, including any amount still owing, on transport vehicles and Implementation FF&E costs.

ARTICLE THREE
JAIL FACILITY REVENUES, COSTS & PAYMENTS

3.01. Billing. Paladin Eastside shall provide a billing service to the County, and is hereby authorized to bill for all services rendered at the Jail Facility for and on behalf of and in the name of the County. All payments for services rendered at the Jail Facility will be made to or as directed by the County. Paladin Eastside shall bill for all services rendered at the Jail facility at least monthly or as otherwise provided in each applicable Inmate Placement Agreement. Paladin Eastside shall also provide services necessary to collect for the services rendered at the Jail Facility and by its signature hereunder. The County authorizes and assigns to Paladin Eastside all necessary rights and authority to perform collection of the payments due for services rendered at the Jail Facility.

3.02. Jail Facility Revenues. The County shall account to Paladin Eastside on a monthly basis for all "Jail Facility Revenues" (as hereinafter defined). For purpose of this Agreement, "**Jail Facility Revenues**" shall mean and include all receipts, except the revenues generated by telephone charges paid by the Inmates which shall be retained by the County, arising from the operation of the Jail Facility from and after the Service Commencement Date, including, without limitation, payments received for the incarceration, detention, or housing of inmates or detainees and all other moneys or fees generated by the operation of the Jail Facility.

3.03. Revenue Sharing Agreement. The County and Paladin Eastside shall enter into a revenue sharing agreement that will provide for the stability of operations of the Jail Facility and a fair division of net revenues to both parties involved. This agreement recognizes the County has entitlement to reasonable revenues from contracting out its Jail Facility, and that Paladin Eastside has expenses and an expectation to reasonable revenues from its jail management of the facility. However, both parties agree that ensuring the stability of operations for the Jail Facility take precedence over any division of revenues. To this purpose, the Parties shall distribute Gross revenues according to the following formula:

- a GROSS REVENUES (ALL FACILITY REVENUES)
LESS
- b DIRECT JAIL EXPENSES (ALL DIRECT JAIL OPERATIONAL EXPENSES)
LESS
- c REDUCED INDIRECT EXPENSES TO PALADIN EASTSIDE (6% OF DIRECT EXPENSES -- THESE ARE NORMALLY 17%)
THAT EQUALS
- d NET REVENUES
THEN
- e COUNTY RECEIVES \$60,000 FOR FACILITY DEBT SERVICE CHARGE

AND COUNTY ADMINISTRATIVE COSTS (hereinafter "**Debt Service**")

THEN

- f PALADIN EASTSIDE RECEIVES ADDITIONAL REVENUES (11%) TO COMPLETE THEIR ADMINISTRATIVE FEE OF 17% OF DIRECT EXPENSES

THEN

- g COUNTY AND PALADIN EASTSIDE SPLIT ALL REMAINING REVENUES.
- h CAVEATS. Both COUNTY and PALADIN EASTSIDE agree that all payments or disbursements for subparagraphs (b),(c), (e), (f), and (g), whether to County or to PALADIN EASTSIDE for a specific month, are entirely and completely dependent upon the revenues generated for that specific month to create a payment fund that is separate from each and every other month's payment fund, and that neither County (for subparagraphs (e) or (g), or PALADIN EASTSIDE (for paragraphs (b), (c) , (f), or (g) shall be entitled to any payments of funds in excess of the revenues generated for that specific month, and should the revenues for that specific month not be sufficient to cover the full extent of the described process above of (a) through (g) disbursement, then the revenues shall be distributed only in order described above, (a) through (g), until the distribution of revenues for that specific month is exhausted and no debt or responsibility for payment of any deficit beyond the revenues paid in the (a) through (g) process shall be due to either COUNTY or PALADIN EASTSIDE beyond the level of distribution under the (a) through (g) process to whatever level that was successfully distributed, nor shall any deficit experienced by COUNTY or PALADIN EASTSIDE during any specific month be considered cumulative to be carried over to a following or subsequent month to be drawn from that subsequent month's revenues.

3.04. Per Diem Inmate Rate (without Transportation Provided). The County also shall pay Paladin Eastside \$48.60 per day for each Inmate in the custody of their County that is placed in the Jail Facility by the County. Paladin Eastside shall invoice the County on a monthly basis for its Inmates on or before the 10th day of each month. (The County shall provide all transportation required to be provided for its Inmates, whether in connection with the placement in or release from the Jail Facility, for court appearances or otherwise.) Subject only to the availability of space in the Jail Facility, the County shall place all adult Inmates in its custody exclusively in the Jail Facility.

3.05. County Per Diem Rate (with Transportation Provided) Prior to the Service Commencement Date, the County shall amend its Intergovernmental Agreement with Alexander and Union Counties to provide that the per diem charge to be paid to the County by each of the counties for the Initial Term of this Agreement will either be \$48.60 per day if the applicable county provides transportation for its Inmates or \$51.50 per Inmate per day if Paladin Eastside is required to provide Inmate transportation. In addition, the costs to the Counties for medical care of their Inmates will be calculated in

accordance with the provisions of Article Five of this Agreement. The County shall further ensure that the terms of the Intergovernmental Agreement with the Counties provides that, during the Term of this Agreement, the Counties shall place all Inmates in their custody exclusively in the Jail Facility, subject only to the availability of space in the Jail Facility. All per diem rates are subject to negotiation on an annual basis.

3.06. Payments to Paladin Eastside. The County shall make all payments to Paladin Eastside by wire transfer of immediately available funds monthly after services are rendered, and shall remit funds due to Paladin Eastside under the foregoing provisions within three (3) business days of receipt of payment from any agency or jurisdiction housing Inmates in the Jail Facility.

3.07. Annual Audit and Program Evaluation. Paladin Eastside shall participate in an annual program evaluation and annual fiscal audit of the Jail Facility Revenues, including the maintenance and availability of accurate and up-to-date program, client, and financial records for inspection.

3.08. Prohibitions of Fees, Honorariums, and Remuneration to County Officials. Paladin Eastside agrees that no Jail Facility Revenues or funds of Paladin Eastside will be expended for payment of any fee or honorarium to any employees or elected official of the County, and that Paladin Eastside shall not ever knowingly cause or participate in any such payment. In addition, Paladin Eastside agrees that it shall not directly or indirectly make any political donations to any local political party or candidate for political office. Paladin Eastside shall not employ or contract with any current, future elected or former or sitting elected official of the County or the Counties.

3.09. Insurance and Maintenance Costs. Paladin Eastside shall fund and pay all insurance and maintenance costs, all operating costs, and expenses for that Jail Facility for which it is responsible under the terms of this Agreement.

ARTICLE FOUR **DUTIES OF MANAGER**

4.01. Duties of Paladin Eastside. In its capacity as manager of the Jail Facility, Paladin Eastside shall provide:

- a all services, supplies, amenities, benefits and equipments necessary to comply with this Agreement in accordance with Federal, State, and local law requirements, the Applicable Standards, and applicable court orders;
- b intake facilities and Inmate accounting, which may include bookkeeping, record keeping, billing, system controls, identification systems and records,

communication interface with law enforcement agencies, and such statistical records as required by law;

- c food and beverage services in compliance with all applicable standards, sanitation and health codes, with menus planned and reviewed in advanced by a registered dietitian or physician, that, except for special diets as specified by a physician or dentist, meet the recommended daily allowance requirements of the Illinois Department of Health;
- d clothing and uniforms that meet the needs of the Inmates, regardless of the gender and weather, which accommodates daily wear and usage;
- e laundry service for all Inmates in accordance with the applicable standards;
- f procurement and purchasing for the Jail Facility;
- g recreational, vocational and counseling services as required by each applicable Inmate Placement Agreement;
- h training of personnel employed at the Jail Facility as may be required from time to time by the Applicable Standards, the terms of this Agreement, each applicable Inmate Placement Agreement, and the terms of all insurance policies applying to the Jail Facility;
- i all routine repair, upkeep, maintenance, and cleaning of the Jail facility without any additional fee or profit to Paladin Eastside;
- j a risk management program, including periodic risk management assessments;
- k personnel services, miscellaneous supplies and benefits necessary to the operation of the Jail Facility, or the care and control of Inmates, including toiletries and hygiene supplies;
- l payments of all utility charges and fees incurred from and after the Service Commencement Date in connections with the operations of the Jail facility;
- m an inventory of the Jail Facility furnishings as of the Service Commencement Date, with a statement indicating that the furnishings are sufficient and appropriate for the number of projected Inmates, and thereafter keep, maintain and replace such furnishings at its expense;
- n proper bedding to each Inmate and clothing storage space which accommodates both hanging and folded clothing; and
- o a commissary fund in accordance with 750 ILCS 125/20.

4.02. Reports and Audits. Paladin Eastside shall prepare and furnish such report and audits as may be required by this Agreement to be submitted to the County, or any other firm, person, or entity with respect to the operation of the Jail Facility or the Inmates therein, including without limitation, all reports required to be submitted to the State of Illinois. In particular, Paladin Eastside shall prepare and submit to the County the following reports at the time indicated:

<u>REPORT</u>	<u>DUE DATE</u>
Daily Population report segregated by source of Inmate	Daily by 1:00 p.m.
Monthly Population report segregated by source of Inmate	5 th day of the month
Quarterly employee report	15 th day following end of calendar quarter
Quarterly statement of expenditures	45 th day following end of calendar quarter
Quarterly Commissary Report	45 th day following end of calendar quarter

4.03. Permits, Licenses, and Certificates. Paladin Eastside shall obtain, and thereafter maintain all the proper and required local, State, and Federal permits, licenses, and certification(s) necessary for the Jail Facility. Paladin Eastside shall maintain such permits, license and certificates as required.

4.04. Supervision of Inmates. Subject to the terms, conditions, and limitations hereof and all applicable regulations, Paladin Eastside shall properly supervise all Inmates that are assigned to the Jail Facility, and for whom there is space available within the design, statutory, and regulatory limits.

4.05. Legal Liabilities. Notwithstanding anything contained herein to the contrary, the County shall have no liability for any employees, agent's contractors, subcontractors or assigns of Paladin Eastside. Paladin Eastside hereby agrees to indemnify and hold the County harmless from all costs, claims, expense, and liabilities whatsoever which may be incurred by or arising from any and all acts done omitted to be done by Paladin Eastside, or the employees, agents, contractors, subcontractors and

assigns of Paladin Eastside, in connection with services performed or to be performed under this Agreement.

4.06. Employees. Paladin Eastside shall have responsibility and obligation for interviewing, hiring, training, assignment, certification, control, management, compensation, promotion and termination of all members of the Jail Facility's administration and staff. Paladin Eastside shall use its best efforts to hire and train local personnel residing in the Counties. For Staffing, Paladin Eastside shall conform to the following:

- a written job description will be prepared describing the duties for all employees position at the Jail Facility;
- b the minimum requirements and qualifications to serve as the Jail Facility Administrator or as a correctional officers at the Jail Facility will conform to the Applicable Standards;
- c all employees at the Jail Facility will be certified as required;
- d qualified, trained employees shall be on a premises 24 hours/day, every day;
- e a sufficient number of trained and qualified employees will be on duty awake and fully dressed at all times to meet all contractual requirements and to monitor Jail Facility control, security, and Inmate safety;
- f the staffing patterns will be posted and provided to the County; AND
- g except in an emergency, Paladin Eastside shall provide to the County 72 hour prior notice of any change on the position of the Jail Facility Administrator along with the reason for the change. The new Jail Administrator shall meet with the County Board on the 1st regularly scheduled County Board meeting following the change in administrator. In addition, the new Jail Facility Administrator shall meet with the County sheriff and Contract Compliance Officer to discuss operation of the Jail Facility within 72 hours of the change in the Jail Facility Administrator.

4.07. Goods and Services Procurement. Paladin Eastside shall endeavor to purchase goods and service within the Counties; provided that such goods and serves are available within the Counties at competitive prices.

4.08. Independent Audits. The County, the Counties, and any other jurisdiction or agency housing Inmates in the Jail Facility may, at each their own cost and expense, conduct a complete annual audit of the operations of the Jail Facility, and for such purpose, the County and the Counties, their agents and employees, and any jurisdiction or

agency housing Inmates in the Jail Facility may examine and audit all books and records pertaining to the operations of the Jail Facility. The party or parties conducting such examination or audit shall deliver to Paladin Eastside written notice of any deficiencies raised in any inspection or audit of the Jail Facility, and, if corrections are required, Paladin Eastside shall submit to the County and any jurisdiction or agency housing Inmates in the Jail Facility, within ten (10) days of receipt of notice, a plan of corrections indicating the action to be taken and the time frame for full compliance. The County shall review the plan correction and shall either concur with the plan or specifically identify corrective actions to be taken and the time frame for completion. Paladin Eastside shall correct all deficiencies within ninety (90) days from the date of notice. Paladin Eastside shall provide the County, within thirty (30) days of receipt, copies and audit reports on all audit reviews that are conducted by other agencies or organizations.

4.09. Legal Applicability. Paladin Eastside hereby agrees and covenants that all duties and activities of Paladin Eastside set forth in this Agreement and this Article Four, whether performed directly by Paladin Eastside or by others under Paladin Eastside's management and supervision, will be performed in accordance with each Inmate Placement Agreement, Federal and Illinois law, and the Applicable Standards.

4.10. Duties, Activities and Reports. Except as otherwise provided in this Agreement, all duties, activities and reports of Paladin Eastside set forth in this Article shall be at Paladin Eastside's sole cost and expense.

4.11. Pulaski County Office Space. The parties agree to allow the County Sheriff and Contract Compliance Officer (as hereinafter defined in Section 11.01) to occupy, at no cost, an office used by the Sheriff's Office and the Contract Compliance Office presently located at the Jail Facility.

ARTICLE FIVE

MEDICAL CARE

5.01. Medical Care (General Provisions). Paladin Eastside shall arrange for and make available to Inmates housed in the Jail Facility all medication, medical, dental, vision, and mental health care required in accordance with the Applicable Standards and each Inmate Placement Agreement. Paladin Eastside shall provide "basic medical care" for Inmates at the Jail Facility in accordance with the Applicable Standards. For the purposes of this Agreement "basic medical care" is limited to the administration of first aid, any condition which can be "self-treated" by the Inmate or which may be treated by nursing staff or lay persons acting under guidelines provided by a medical doctor, including dispensing "over-the-counter" or prescription medications that have been approved for inventory by Paladin Eastside's medical consultant.

5.02. Medical Care Program and Procedures. Consistent with its obligations to

provide "basic medical care" at the Jail Facility, Paladin Eastside shall establish a program that includes:

- a. the training of all supervisory staff in emergency first aid procedures and cardiopulmonary resuscitation (CPR).
- b. written medical backup plans communicated to all employees and Inmates;
- c. maintaining sufficient first aid supplies and equipment to adequately support the overall basic medical care requirements of the Inmates;
- d. maintaining, replacing, and replenishing medical first aid supplies and equipment in accordance with prescribed standards recognized or approved by a licensed health authority or organization that has the expertise to evaluate, assess and determine the potential need for or condition of the required first aid supplies and equipment;
- e. written policies that set forth required procedural guidelines to be followed in the administration and management of medication, including:
 - i. guidelines governing the storage, security, monitoring, dispensing, and maintaining administrative control and accountability of medication;
 - ii. administrative control and accountability procedures requiring a written record of the name of the Inmate, date, time, name of medication and signature of the authorized and trained employee of Paladin Eastside dispensing the medication;
 - iii. restrictions providing that medication will only be administered and recorded by the employee authorized or trained to dispense medication and to record the dispensation of medication;
 - iv. requirements that all medication be secured in a suitable locked container with control records audited by Paladin Eastside on a regular basis, AND
 - v. requirements that in the event an Inmate is released from the Jail Facility without his/her medication, the medication will be disposed of in accordance with standards, which disposition will be witnessed, and documented on the Inmate's medical log sheet.
- f. written policies and procedures for the prompt notification of the applicable referral agency and the Inmate's next of kin in the case of serious illness, surgery, injury, or death; AND
- g. requirements that a death in the Jail Facility be immediately reported to the County and other appropriate authorities.

5.03. Responsibilities for Inmate Medical Costs--Other than County. The responsibility for the costs of hospitalization, prescription drugs, surgical, dental, vision, and mental health care (and related non-local transportation costs) for Inmates placed in the Jail Facility by any jurisdiction or agency other than the County will be allocated as provided for in this Agreement and the applicable Inmate Placement Agreements.

5.04. Responsibilities for Inmate Medical Costs--County. Paladin Eastside shall provide, arrange for, or make available all medication, medical, dental, vision, and mental health care at the Jail Facility in accordance with the Applicable Standards and each Inmate Placement Agreement. The Counties shall pay all costs for medication, medical, dental, vision, and mental health provided at any location other than the Jail Facility for any of the Counties Inmates. If a County Inmate is to be hospitalized, Paladin Eastside shall notify the Sheriff, through the Contract Compliance Officer, of the nature of the illness or medical condition, the recommended course of treatment and the estimated costs of treatment. Except in an emergency, the Contract Compliance Officer must be notified at least 24 hours prior to the proposed hospitalization or medical, dental, vision, or mental health care. Paladin Eastside shall notify the Contract Compliance Officer of any emergency admission within 24 hours after each admission. Should an Inmate from a jurisdiction or agency other than the County be hospitalized for any reason, Paladin Eastside shall be responsible for maintaining security except as otherwise provided in the applicable Inmate Placement Agreement. Paladin Eastside shall be responsible for security for County Inmates who are hospitalized. The County shall be responsible for all costs of the hospitalization.

5.05 Health Care Professional Certification and Licensing. State certification and licensing requirements apply to all health care personnel responsible for dispensing medical services to Inmates.

5.06. Health Risk Mitigation. Paladin Eastside shall not knowingly accept or admit into the Jail Facility any Inmate who represents a significant health, medical, or safety risk to the employees or the Inmates at the Jail Facility. This section is not to be construed as excluding the admission of Inmates in accordance with any contractual obligations with other counties.

5.07. HIV Guidelines and Policies. Paladin Eastside shall develop workplace guidelines that address HIV policies, confidentiality, and employee/client education programs in compliance with State Law. The guidelines will, at a minimum, substantially incorporate the model workplace guidelines developed by the Illinois Department of Health. Paladin Eastside shall maintain written policies and guidelines that include:

- a. confidentiality guidelines regarding AIDS and HIV medical information for employees and Inmates, with policies consistent with guidelines published by the Department of Health and with State and Federal laws and regulations; and
- b. educational programs regarding HIV/AIDS based on the model education program created by the Illinois Department of Health, tailored to meet the needs of the employee and Inmates, including the use of Braille, or telecommunications devices for the deaf, and the needs of persons with physical or mental disabilities.

5.08. Timeframe for Policies and Programs Guidelines. Paladin Eastside shall provide the County, the Counties, and any other jurisdiction or agency housing Inmates in the Jail Facility with copies of the above-stated policies and programs within thirty (30) days following the Effective Date, and, in any event, Paladin Eastside shall not be eligible for payment until verification of compliance with the provisions is provided by Paladin Eastside.

ARTICLE SIX

COMPLIANCE WITH STANDARDS

6.01. Procedures Manual. Within thirty (30) days following the Effective Date, Paladin Eastside shall prepare and adopt a Procedures Manual for the management of the Jail Facility so as to assure that the Jail Facility is operated fully in accordance with Federal, State, Local, and other applicable law, and the Applicable Standards. Paladin Eastside shall, from time to time, make such modifications and corrections in the said Procedures Manual as are necessary to keep the Jail Facility in compliance with such laws, rules, regulations, and standards. In the event of any conflict between any of the Applicable Standards and this Agreement, the Applicable Standards will control.

6.02. Training and Certification. Paladin Eastside shall require all employees at the Jail Facility to be adequately trained and certified, to perform at standards required by State and other applicable law, and the Applicable standards.

6.03. Community Service and Work Projects. Paladin Eastside shall maintain an in-house community service work project log and volunteer log that includes dates, times, location, work performed, and the Inmates and employees assigned to the project. All community service work projects must have prior County approval.

ARTICLE SEVEN

DUTIES OF THE COUNTY

7.01. Responsibility for Inmate Placement Agreement. The County agrees that Union County, Alexander County, and any other jurisdiction or agency housing Inmates in the Jail Facility shall be responsible for the performance of that jurisdiction's Inmate Placement Agreement.

7.02. Law Enforcement, Security and Communications. The County shall assist and cooperate with Paladin Eastside in all matters of law enforcement, security, and communications, and shall employ its reasonable influence and persuasion to obtain such cooperation from the law enforcement agencies within Pulaski County.

7.03. Training Programs. The County shall assist and cooperate with Paladin Eastside in the future with on-going training, at Paladin Eastside's expense, of Paladin

Eastside employees, agents or subcontractors. Such training, if any, will generally be accomplished by permitting a reasonable participation by Paladin Eastside employees in local training programs, in-house training, or by presentations at the Jail Facility. Any such training assistance by the County will be performed solely as a convenience to Paladin Eastside, and the County shall not be liable for any duty of care or performance with respect to such training assistance. Paladin Eastside shall remain solely responsible for the training of its employees, agents, and subcontractors.

7.04. Candidate Screening. The County shall assist and cooperate with Paladin Eastside in obtaining and providing information needed by Paladin Eastside in screening candidates for employment.

7.05. Taxes, Levies, and Fees. The County agrees that it shall not impose any taxes, levies, fees or other impositions upon Paladin Eastside or the Jail Facility which are designed to place a disproportionate burden on Paladin Eastside or the Jail Facility and which are not either: (a) mandated by state law, or (b) generally applicable to all citizens or businesses within the County.

7.06. Effective Date. The County agrees that, after the Effective Date of this Agreement, it shall not enter into any Inmate Placement Agreement without prior approval of Paladin Eastside, or, except as expressly provided for in Section 3.05 of this Agreement, modify, amend, or alter the terms of any Inmate Placement Agreement in effect as of the Effective Date or entered into after the Effective Date, without the prior approval of Paladin Eastside.

7.07. Joint Cooperation. Additionally, the County and Paladin Eastside agree that it is to their mutual benefit to maintain the population of the Jail Facility at or near its full capacity throughout the Term of this Agreement and to limit potential vacancies in the Jail Facility. Therefore, the County and Paladin Eastside shall cooperate and work together to locate and obtain additional or alternative sources of referrals to the Jail Facility. The County further agrees to process promptly and diligently, and execute any and all joint powers, interlocal or intergovernmental agreements presented by Paladin Eastside to the County for this purpose that are consistent with the terms of and the purposes of this Agreement. Following the execution of any joint powers, interlocal or intergovernmental agreements by the County, all offenders who *will* be the subject of the agreement *will* be placed in the Jail Facility by the County to the extent that space is available in the Jail Facility. Paladin Eastside shall provide the documentation for each joint powers, inter-local or intergovernmental agreements proposed by Paladin Eastside to (i) assure the documentation reasonably necessary for each such contract is complete, and (ii) that any of such contract is not inconsistent with the terms of this Agreement, prior to the housing of any person in the Jail Facility pursuant to any Inmate Placement Agreement hereafter entered in by the County.

7.08 Liabilities and Obligations. The County acknowledges and agrees that it or its current manager of the Jail Facility shall be solely responsible for the cost of all utilities provided to the Jail Facility prior to the Service Commencement Date, all supplies and inventories purchased or ordered for the Jail Facility prior to the Service Commencement Date, the payment of salaries and wages to all employees of the Jail Facility through the Service Commencement Date, and any and all liabilities or obligations incurred in connection with the operation of the Jail Facility prior to the Service Commencement Date. The County shall, or shall cause its current manager of the Jail Facility to, promptly, discharge and satisfy any and all such obligations and liabilities, and shall indemnify, defend and hold harmless Paladin Eastside and its officers and employees of and from any and all claims, demands or suits asserted in connection with any such liabilities or obligations and any and all costs, expenses, damages, liabilities, fines, penalties, or judgments incurred by, imposed upon or against Paladin Eastside with respect to any such liabilities or obligations, including without limitation any reasonable attorney's fees incurred by Paladin Eastside to defend against or investigate any such matter. Paladin Eastside agrees to promptly notify the County of any claim, demand, or suit.

ARTICLE EIGHT

INMATES

8.01. Inmate Housing Criteria. The County and Paladin Eastside agree to work together to establish criteria for housing Inmates in the Jail Facility.

8.02. Housing, Supervision, and Programs. Paladin Eastside shall provide housing, supervision, and programs for all Inmates, in accordance with the Applicable Standards and each applicable Inmate Placement Agreement.

8.03. Placement Referrals. From and after the Service Commencement Date, to the extent that adequate space is available in the Jail Facility, Paladin Eastside shall be required to accept any placement referral from any jurisdiction or agency that has entered into an Inmate Placement Agreement with the County, except as otherwise provided in Article Five, Section 5.07 of this Agreement and the applicable Inmate Placement Agreement, and except for those Inmates not meeting the criteria established by the County and Paladin Eastside pursuant to Section 8.01 above.

ARTICLE NINE

LIABILITY AND INDEMNITY

9.01. Claims. As between the County and Paladin Eastside, Paladin Eastside does hereby assume responsibility and liability for all claims arising from the services to be provided by Paladin Eastside hereunder. Paladin Eastside agrees to ensure that neither the County nor Paladin Eastside becomes responsible for any actions taken with regard to any Inmate prior to delivery of the Inmates to Paladin Eastside's employees, officers, and

agents.

9.02. Legal Obligations and Immunities. Paladin Eastside agrees to and hereby does defend, hold harmless, and indemnify the County, its officers, directors, employees, agents, and representatives from and against any and all claims, damages, demands, losses, costs, assessments, and expenses incurred or suffered by the County, its officers, directors, employees, agents, or representatives that arise out of or result from any cause or claim or any negligent or wrongful act, or failure to act pursuant to the provisions of this Agreement by Paladin Eastside, its officers, employees, agents, or representatives, or its contractors or assigns.

9.03. Applicability. Notwithstanding the foregoing or any other term, provisions, or conditions of this Agreement, as to third parties and third party claims, nothing in this Agreement is intended to nor shall be interpreted to: (a) waive or deprive the parties of any legal defense; (b) give, grant, or bestow any legal right, defense, or benefit upon any third party; or (c) deprive the parties of the benefits of any legal defense, including sovereign and official immunity, or the benefits of any law limiting damages.

ARTICLE TEN

INSURANCE

10.01. Insurance Requirements. During the term of this Agreement, Paladin Eastside shall maintain a plan of insurance designed to protect the County and Paladin Eastside and its officers, guards, employees, and agents, against claims arising from the performance of services by Paladin Eastside hereunder, including claims alleging violations of civil rights, and to protect the County and Paladin Eastside from actions by a third party against Paladin Eastside, its officers, guards, employees, and agents arising from the performance of services under this Agreement. To that end, Paladin Eastside shall obtain and maintain in force during the term of this Agreement beginning not later than the Service Commencement Date, at least the following insurance coverage:

- a. insurance against loss or damage, injury, or destruction to or of the Jail Facility and the furniture, furnishings, and equipment therein, if any, resulting from hurricane, flood, earthquake, fire, or from any hazard included in the so-called extended coverage endorsement in an amount not less than full replacement value of the Jail Facility.
- b. comprehensive general public liability insurance in the customary form, having limits of liability of not less than \$2,000,000 per occurrence for bodily injuries or death and not less than \$2,000,000 per occurrence for property damage and \$5,000,000 in the aggregate during any annual policy period;
- c. insurance against claims alleging the violation of the civil rights of inmates in the Jail Facility (which coverage may be maintained by Paladin Eastside as part of the public general liability insurance to be maintained by Paladin Eastside);

- d. worker's compensation insurance (or its approved and authorized equivalent) in at least the statutorily required amounts; AND
- e. automobile liability insurance in customary form, having limits of liability of not less than \$1,000,000 per person and \$2,000,000 per occurrence.

10.02. County Insurance Coverage. Each and every policy of insurance required by this Article shall name the County as additional insured, and shall provide that such policy may not be cancelled or modified except upon at least thirty (30) calendar days written notice to the County.

10.03. Insurance Certificates. Paladin Eastside shall provide to the County insurance certificates as proof of the insurance policies obtained in accordance with this Article, and, if through no fault of Paladin Eastside, such insurance policies are cancelled or endorsed in such a way as to limit such insurance coverage, Paladin Eastside shall provide the County written notice thereof immediately, and Paladin Eastside may obtain, as soon as possible and at its own cost, replacement insurance policies.

10.04. County Insurance Requirements. The County shall, however, be responsible for providing worker compensation coverage and liability insurance for its officers, agents, and employees, and insurance for its personal property [if any] used or stored at the Jail Facility.

ARTICLE ELEVEN

MONITORING

11.01. County Contract Compliance Officer. The County shall designate a county employee that shall be the "Contract Compliance Officer" for the purpose of assuring compliance with this Agreement by both the County and Paladin Eastside. The Contract Compliance Officer shall be the representative of the County and the Sheriff for purpose of notice and administration of this Agreement. The Contract Compliance Officer shall on a monthly basis conduct a thorough on-site inspection of the Jail Facility and shall be allowed to interview Jail Facility staff and Inmates in conducting said inspections. The Contract Compliance Officer shall provide Paladin Eastside a written report of each monthly inspection within fifteen (15) days of conducting said inspection. It is the intent of the parties to ensure the efficient operation of the Jail Facility to ensure compliance with all Inmate Placement Agreements and Applicable Standards. Subject to applicable laws, rules and regulations, the Sheriff and Contract Compliance Officer will have immediate access to all areas of the Jail Facility so as to be able to regularly monitor the operation of the Jail Facility. The above-referenced monitoring by the County does not relieve Paladin Eastside of any duty, standard of care, or responsibility. Paladin Eastside shall also permit the State, the Counties, or any other jurisdiction or agency having Inmates in the Jail Facility to monitor the Jail Facility.

ARTICLE TWELVE
MAINTENANCE, UPKEEP, REPAIR, AND IMPROVEMENTS

12.01. Facility Upkeep, Repair, and Maintenance-County. The County shall maintain the roof, foundation, all outside utilities, and structural soundness of the Jail Facility in good repair, reasonable wear and tear excepted. Such maintenance includes the duty to repair and/or replace components of the building that may be damaged due to neglect or any structural defect. The County shall be obligated for replacement of and major repairs of the heating/air conditioning, electrical, and plumbing systems servicing the Jail Facility.

12.02. Facility, Upkeep, Repair, and Maintenance-Paladin Eastside. Paladin Eastside shall maintain all interior walls and ceilings of the building and also all interior windows, window glass, doors, electrical fixtures, and plumbing fixtures in good repair and condition; paint all interior walls as required, and furnish and regularly replace furnace filters consistent with heating/air conditioning systems manufacturer specifications; provided however that the County shall be responsible for and pay for any single maintenance or single replacement item that exceeds \$2,500 in cost.

12.03. County Maintenance Account. The County shall establish a maintenance account (the "**Maintenance Account**") that it will fund each month after receipt of the Jail Facility Revenues in the amount of \$2,000 per month beginning _____, 2008. The County shall continue to fund the Maintenance Account monthly during the Term of this Agreement. The County shall maintain complete control of the Maintenance Account and shall only utilize the funds therein for maintenance and replacement required by this Article Twelve.

12.04. Janitorial and Maintenance Services. Paladin Eastside shall provide all usual janitorial and maintenance service, including sweeping and waxing of floors, vacuuming, trash collection and disposal, cleaning windows, and dusting. The replacement of light bulbs or fluorescent tubes in the light fixtures will be the responsibility of Paladin Eastside. Paladin Eastside shall maintain all grounds, including but not limited to, mowing, trimming, watering plants, and lawn so as to maintain a good cosmetic look to the grounds. All maintenance and upkeep shall be made in accordance with the manufacturer's recommendations.

12.05. Responsibilities of Repairs. In the event that Paladin Eastside fails to comply with any of the requirements of this Article, the County shall have the right, but the County shall not have the obligation, to cause repairs or corrections to be made, and any reasonable cost therefore shall be payable as provided in this Article. Paladin Eastside shall repair any damage caused by its negligence or default hereunder, or the negligence of its invitees, employees, or customers, and , upon the termination or this Agreement, shall deliver the Jail Facility to the County in good repair and condition, reasonable wear and tear excepted. Paladin Eastside will periodically fumigate and spray the Jail Facility

for insects and rodents, as needed.

12.06. Alterations, Additions, and Improvements. Paladin Eastside shall make no alteration, addition, or improvement to the Jail Facility unless the County consents in writing to such alteration, addition, or improvement.

ARTICLE THIRTEEN **ADDITIONAL PROVISIONS**

13.01. General. Notwithstanding Paladin Eastside's obligation to perform or cause to be performed all duties and services set forth in this Agreement, the parties recognize and agree that the jurisdictions or agencies housing Inmates in the Jail Facility may, at some future time, require Paladin Eastside to provide services not included in the terms of this Agreement. In such event, the County and Paladin Eastside shall consult with and cooperate with one another in order to obtain an adjustment in the rates paid by any such jurisdiction or agency in order to compensate Paladin Eastside for any increased costs associated with such additional services. Likewise, if, as a result of changes in applicable laws of Applicable Standards, the imposition of court orders or decrees or the occurrence of any unforeseen change in circumstances, the Jail Facility must be modified or the cost to Paladin Eastside of providing the services hereunder shall increase materially, the County and Paladin Eastside shall consult and cooperate with one another in order to obtain an adjustment in the rates paid by any jurisdiction or agency housing Inmates in the Jail Facility and/or to identify an equitable allocation of the costs of complying therewith. To the extent practicable, the amount to be paid to Paladin Eastside from sufficient compensation to offset the increased costs retroactive to the date first incurred by Paladin Eastside. In no event, however, will Paladin Eastside be obligated to provide, or be deemed to be in breach or default hereunder by reason of the failure of Paladin Eastside to provide, any additional services or to modify the Jail Facility as a result of any requirement or request for additional services, changes in applicable laws or Applicable Standards, or the imposition of court orders or decrees, which materially increase the cost to Paladin Eastside of providing services at the Jail Facility unless agreed to in writing by Paladin Eastside.

13.02. Inmate Solicitation. On behalf of the County, Paladin Eastside may solicit public agencies and jurisdictions, both within and without the State of Illinois, for the purpose of housing Inmates in the Jail Facility in order to maintain the population of the Jail Facility at or near its full capacity throughout the term of this Agreement and to limit potential vacancies in the Jail Facility. The County agrees that it will execute Inmate Placement Agreements with other public agencies and institutions as long as they comply with the terms of this Agreement, Federal law, Illinois law, and Applicable Standards. The remuneration for these services may be payable directly to Paladin Eastside by the contracting jurisdiction, and Paladin Eastside shall provide the County with copies of all such contracts; said contracts will impose no responsibility or liability on the County.

13.03. Subcontractors. Paladin Eastside may, in its discretion and upon approval by the County, which approval Paladin Eastside shall not reasonably withhold, subcontract with third parties for provision of services, equipment, and supplies to the Jail Facility. Such services may include but will not be limited to labor, transportation, equipment, furniture, fixtures, and services to house, care for, supervise, and provide subsistence and medical care for Inmates. In all such contracts, excluding contracts for the supplying of tangible property (e.g. furniture, fixtures, and equipment), Paladin Eastside shall include terms and conditions at least equal to those set forth in this Agreement for indemnification, insurance and standards of care, operation and training, including but not limited to the following, which apply to Paladin Eastside and any such third party contract:

- a. provisions necessary to assure security within the Jail Facility sufficient to prevent escapes, violence, or riots by Inmates and sufficient to protect the general public;
- b. provisions that no Inmate shall, on the grounds of race, color, religion, or national origin, be subjected to discrimination during such residency;
- c. provisions for liability insurance with terms sufficient to cover all claims and naming Paladin Eastside and the County as additional insured's, which insurance, together with other insurance that may be required, shall protect Paladin Eastside, the County, their officers, employees, agents, and representatives, together with the officers, employees, agents, and representatives of the third party, from any and all claims arising out of or in any manner connected with the third party and the operation and services of the Jail Facility;
- d. provisions that the third party shall perform in its area of responsibility within the Jail Facility in accordance with the strict rules, standards, and interpretation of its contract, the operating manual, the Inmate manual, other rules and regulations promulgated with respect to the operation of the Jail Facility, and the Applicable Standards. In addition, such third party contractor shall agree to remain current on standard operation procedures together with standards in the industry and provide such miscellaneous services as may be necessary from time to time, including advice, clerical assistance, record keeping, reports, interviews and liaisons with regulatory and governmental representatives, as may be necessary, without cost to the parties, or either of them;
- e. agreement to provide indemnification of the County, in form of substance satisfactory to the County; AND
- f. Provisions, terms, and conditions for performance at least equal to those

provided in this Agreement.

13.04. General Liabilities and Obligations. Except for the County's obligation to pay Paladin Eastside directly for the housing of Inmates of the County in the Jail Facility, the County's liability, pursuant to this Agreement, is limited to any funds received by the County pursuant to Article Three and to contracts for Inmate services with other jurisdictions and claims or causes that are covered by an insurance policy naming the County as an insured or additional insured. Except for the County's obligation to pay Paladin Eastside directly for the housing of Inmates of the County in the Jail Facility, in no event will the County ever be liable for any cause or claim to Paladin Eastside or its suppliers, contractors, and subcontractors, or their successors or assigns, for any assessment, claim, damage, payment, or amount, whether of direct, indirect, or consequential damages, lost profits or loss of business, except to the extent of such revenues, appropriations, fees, and insurance coverage. Paladin Eastside shall provide notice of this limitation and paragraph in each third party contract entered into pursuant to Section 13.03 of this Agreement or otherwise, and all who deal with Paladin Eastside with regard hereto, or with regard to the Jail Facility, shall do so with notice hereof.

13.05. Facility Loss or Damage. In the event of the occurrence of any damage to or loss of the Jail Facility that materially affects the continued operation of the Jail Facility, Paladin Eastside shall immediately notify the County of such loss or damage and this Agreement will terminate immediately. If the County determines that rebuilding, repairing, or restoring the Jail Facility is practicable and desirable, and proceeds to cause such rebuilding, repairing, or restoring, the parties may nevertheless jointly determine to terminate this Agreement and to execute a new agreement for the supervision of the reconstruction and the subsequent management of the new facility.

13.06. Restoration or Replacement of Facility. In the event title to or the temporary use of the Jail Facility, or any part thereof, is taken in condemnation or by the exercise of the power of eminent domain by any governmental entity or by any person acting under governmental authority, promptly after such condemnation or exercise of the power of eminent domain, the County shall determine whether to restore or replace the Jail Facility. If the decision is to restore or replace the Jail Facility, the County must forthwith proceed with such restoration or replacement, which restoration or replacement will thereupon become part of the Jail Facility. In such case, any proceeds received from any award or awards in respect of the Jail Facility or any part thereof made in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, will be applied first for payment of, or reimbursement for, the costs of such restoration or replacement and second to compensate Paladin Eastside for any revenue or profit lost as a result of any permanent or temporary taking of the Jail Facility and the County shall cooperate with Paladin Eastside in seeking such an award. If the County determines not to restore or replace the Jail Facility, then this Agreement will terminate upon the date of the occupancy of the Jail Facility by the condemner.

13.07. Controlling Agreement. Where there exists any inconsistency between this Agreement or other collateral contractual agreement applicable to the Jail Facility that has been approved by the County, the provisions of this Agreement will control.

13.08. Assignment. Paladin Eastside shall not sell, assign, transfer, convey, or encumber, in whole or in part, this Agreement or any right, interest, duty, or obligation of performance herein or hereunder or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law without the prior written consent of the County, which consent shall not be unreasonably withheld; it being understood and agreed by the County that Paladin Eastside may assign this Agreement to an affiliate or as security to any financial institution, bank, or lending institution that provides financing to Paladin Eastside in order to secure such financing. In the event of any other sale, transfer, or assignment consented to by the County, the transferee or its legal representative shall agree in writing with the County to assume, perform, and be bound by the covenants, obligation, and agreements contained herein.

13.09. Contractor/Counseling Services Approval. All contractors for counseling services and employee services at the Jail Facility are subject to the approval of an authorized representative of the County, which approval shall not be unreasonably withheld.

ARTICLE FOURTEEN

DEFAULT AND TERMINATION

14.01. Default-Paladin Eastside. Each of the following shall constitute an Event of Default on the part of Paladin Eastside:

- a. failure to keep, observe, perform, meet or comply with any covenant, agreement, term, or provision of this Agreement to be kept, observed, performed, met, or complied with by Paladin Eastside hereunder, which failure continues for a period of forty-five (45) days after Paladin Eastside has been provided written notice thereof (except as otherwise provided in Section 14.02); OR
- b. failure to meet or comply with any court order or the Applicable Standards; which failure continues for a period of forty-five (45) days after written notice thereof to Paladin Eastside (except as otherwise provided in 14.02).

14.02. Curing Default. Notwithstanding the provision of Section 14.01 (a) and (b), if Paladin Eastside reasonably believes that any failure or default identified by the County in any notice contemplated by Section 14.01 cannot be cured with the forty-five (45) day period referred to in Sections 14.01 (a) and (b), but can be cured, through a

diligent, on-going, and conscientious efforts on the part of Paladin Eastside, Paladin Eastside shall submit a corrective action plan to the County (which plan shall show in detail the action to be taken by Paladin Eastside diligently, conscientiously and timely undertakes to cure the failure or default in accordance with the approved plan, the County shall not declare an Event of Default hereunder.) If the County does not allow an extension of the cure period, the 45-day time period shall be tolled during the period of time the plan is pending before the County.

14.03. Remedies. Upon the occurrence of an Event of Default by Paladin Eastside, the County may pursue any remedy it may have at law or equity, including but not limited to (a) taking action to cure the Event of Default, in which case the County may offset against any payments owed to Paladin Eastside all reasonable costs incurred by the County in connection with its efforts to cure such Events of Default; and (b) termination of this Agreement and removal of Paladin Eastside as the operator of the Jail Facility. Paladin Eastside agrees to cooperate with County during the transition of the Jail Facility.

14.04. Legal Contingencies. Notwithstanding anything to the contrary herein, in the event any bankruptcy, reorganization, debt arrangement, moratorium, proceeding under any bankruptcy or insolvency law, or dissolution or liquidation proceeding is instituted by or against Paladin Eastside and, if instituted against Paladin Eastside, is consented to or acquiesced in by Paladin Eastside or is not dismissed within sixty (60) calendar days, this Agreement will be immediately terminated and canceled, and the County shall promptly assume responsibility for the management and supervision of the Jail Facility. In the event this Agreement is canceled pursuant to the terms of this Section, then the County may purchase all the property, materials, and supplies within the Jail Facility owned by Paladin Eastside at book value. Further, the County may, in its discretion, employ or contract for personal services with any or all agents or employees of Paladin Eastside at the Jail Facility.

14.05. Default-County. Each of the following events shall be an event of default by the County:

- a. the failure of the County to remit to Paladin Eastside any funds due to Paladin Eastside under this Agreement, which failure continues for the period of more than five (5) business days of the date when due and payable by the County;
- b. any other failure on the part of the County to keep, observe, perform, meet, or comply with any material covenant, agreement, term, or provision of this Agreement to be kept, observed, performed, met, or complied with by County hereunder, which failure continues for a period of forty-five (45) days after County has been provided written notice thereof.

Upon the occurrence of any event of default by the County, in addition to and without prejudice to any and all other remedies available to Paladin Eastside at law or in equity, Paladin Eastside shall have the option to terminate this Agreement; in which event the County shall pay to Paladin Eastside all fees due and payable to Paladin Eastside through the date to termination, without prior demand therefore.

ARTICLE FIFTEEN

OWNER CONTROL

15.01. County Ownership. Paladin Eastside understands and agrees that the County is the owner of the Jail Facility.

15.02. Management and Fee Schedule. Paladin Eastside agrees that it will manage the Jail Facility based upon a fee schedule established by Pulaski County, subject to the terms of individual Placement Agreements and terms of this Agreement.

ARTICLE SIXTEEN

NON-DISCRIMINATION

16.01. Non-Discrimination. Paladin Eastside shall not discriminate against any employee, Inmate, contractor, or subcontractor with regard to race, color, disability, religion, sex, national origin, or age.

16.02. Non-Discrimination on health Issues. The prohibition of discrimination includes employees, contractors, subcontractors, and prospective clients or Inmates who have or are perceived to have a disability because of AIDS or HIV infection, antibodies of HIV or infection with any causative agents of AIDS.

16.03. Posting. Paladin Eastside agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause and shall, in all solicitations or advertisements for employment and purchase and service contracts placed by or on behalf of the Parties, state that Paladin Eastside is an equal opportunity employer; provided that notices, advertisements, and solicitations placed in accordance with Federal law, rule, or regulation will be sufficient for the purpose of meeting the requirements of this Section.

16.04. Applicability to Contractors/Subcontractors. Paladin Eastside shall include provisions for the foregoing paragraphs in every contract or subcontract so that such provisions are binding upon each contractor, subcontractor, or vendor.

16.05. Use of Underutilized Contractors/Subcontractors. Paladin Eastside is encouraged to establish and attain goals for doing business with under-utilized businesses, e.g., minority and women owned businesses, and to utilize minority and women owned suppliers, providers, and services, including small businesses, in the

performance of this Agreement.

ARTICLE SEVENTEEN

APPLICABLE LAW AND VENUE

17.01. Jurisdiction and Venue. This Agreement will be construed under and in accordance with the laws of the State of Illinois, and all obligations created hereunder are performable in Pulaski County, Illinois. Venue will lie and be in Pulaski County, Illinois or the United States District Court for the Southern District of Illinois.

ARTICLE EIGHTEEN

LEGAL CONSTRUCTION

18.01. General. If any one or more of the provisions contained in this Agreement *is*, for any reason, held to be invalid, illegal, or unenforceable, and such is not a material provision, such validity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such valid, illegal, or unenforceable provision had never been contained herein. If the invalid, illegal, or unenforceable provision is material to the clear intent of the Parties, the Parties shall, within thirty (30) calendar days of such determination, negotiate and execute a contract amendment sufficient to correct such invalidity or, failing such amendment, terminate this Agreement.

18.02. Legal Relationship Between County and Paladin Eastside. Paladin Eastside is associated with the County for the purposes and to the extent set forth in this Agreement for the performance of maintenance and management services for the Jail Facility, and Paladin Eastside is and will be an independent contractor and, subject to the terms of this Agreement, shall have the sole right to supervise, manage, operate, control, and direct the performance of the details incident to its duties under this Agreement. Nothing contained in this Agreement will be deemed or construed to create a partnership or joint venture, to create the relationship of an employer-employee or principal-agent, or to otherwise create any liability for the County whatsoever with respect to the indebtedness, liabilities, and obligations of Paladin Eastside. Paladin Eastside shall be solely responsible for (and the County shall have no obligation with respect to) payment of all income, F.I.C.A., and other taxes owed or claimed to be owed by Paladin Eastside, arising out of this Agreement, and Paladin Eastside shall indemnify and hold the County harmless from and against, and shall defend the County against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses whatsoever arising or incurred because of, incident to, or otherwise with respect to any such taxes.

ARTICLE NINETEEN
AMENDMENTS

19.01. General. This Agreement may be amended only in writing, with such written instrument being approved and executed by the Parties.

ARTICLE TWENTY
ATTORNEYS' AND OTHER PROFESSIONAL FEES

20.01. Fee Obligation. If either Party to this Agreement institutes any action or proceeding against the other party to enforce its rights and remedies hereunder, the prevailing party will be entitled to recover from the other party reasonable attorneys' fees and expenses. As used herein, "prevailing party" means, in the case of claimant, one who is successful in obtaining substantially all of the relief sought, and in the case of a defendant or respondent, one who is successful in denying substantially all of the relief sought. Otherwise each party hereto shall pay the fees and disbursements of its own attorneys, accountants, investment advisers, and other professionals.

ARTICLE TWENTY-ONE
NOTICES

21.01. General. Notices required to be given hereunder by one party to the other must be in writing and will be valid if actually received by the party to whom such notice is given or if deposited in the United States mail, postage prepaid and addressed to the party below specified.

To the County: County of Pulaski
Attn: Gayla Jones
1026 Shawnee College Rd.
Ullin, IL 62992

To Paladin Eastside: Paladin Eastside Psychological Services, Inc.
111 South Garfield Avenue, Suite 101
Montebello, CA 90640
Attention: John R. Forren, CEO


ARTICLE TWENTY-TWO
EXECUTION AUTHORITY

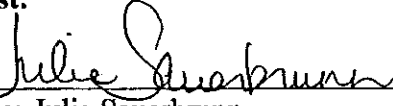
23.01. Superseding Execution Authority. This Agreement constitutes the sole and only Operation and Management Agreement of the Parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

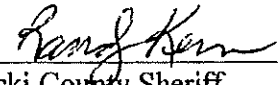
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EXECUTED by the Parties on the dates indicated below.

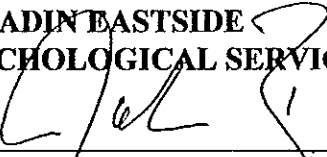
COUNTY OF PULASKI, ILLINOIS

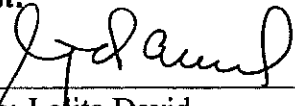
By: 
Name: Rex Wilburn
Title: Chairman, County Board
Date:

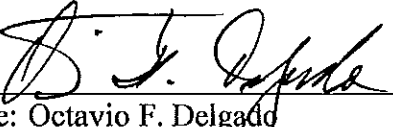
Attest:
By: 
Name: Julie Sauerbrunn
Its: County Clerk

Approved:
By: 
Pulaski County Sheriff

**PALADIN EASTSIDE
PSYCHOLOGICAL SERVICES, INC.**

By: 
Name: John R. Forren
Title: CEO
Date: *for Paladin Eastside
Psy Services, Inc.*

Attest:
By: 
Name: Lolita David
Its: Financial Director

Approved:
By: 
Name: Octavio F. Delgado
Title: President